PROCEEDINGS THE 5th INTERNATIONAL CONFERENCE ON ECONOMICS, BUSINESS, AND MANAGEMENT RESEARCH (ICEBMR)
"Digital Economy, Human Dignity, and Inclusive Transformation in Asia"
https://econference.usd.ac.id/index.php/ICEBMR | ISSN: 3032-596X | Vol 5, 2026

GROWTH AND COMPANY CHARACTERISTICS ON DIVIDEND PAYOUT RATIO IN FAMILY COMPANY LISTED ON IDX

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DOI: https://doi.org/10.24071/icebmr.v5i1.328

Abstract
This study aims to examine the effect of Net Profit Margin (NPM), Sales Growth, Debt to Equity Ratio (DER), Company Value, and Growth on the Dividend Payout Ratio (DPR) in family companies listed on the Indonesia Stock Exchange for the period of 2021 to 2024. Family companies have unique financial logic where dividend decisions are driven by both economic goals and family interests. Using a quantitative approach, secondary data were gathered from 35 purposively selected family companies, generating 140 panel data observations. Data were analyzed using panel data regression via EViews 14. After model selection tests, the Random Effect Model was chosen and further corrected using the Cochrane-Orcutt iterative method to resolve autocorrelation issues. The results reveal that NPM and Company Value have a positive, significant effect on the DPR, whereas Growth exerts a negative, significant influence. Meanwhile, Sales Growth and DER showed no significant impact. Simultaneously, all variables significantly affect the DPR with an Adjusted R-squared of 21.83%, implying that other unexamined non-financial factors heavily influence dividend decisions and policies in Indonesian family firms.
Keywords: *Dividend Payout Ratio, Company Value, Growth, Family Company, Net Profit Margin.*

1. Introduction

Family companies play a substantial role in the global economy, particularly in Indonesia. Their concentrated ownership and control structures shape a wide range of corporate decisions, including dividend policy. In practice, family companies typically weigh not only profitability but also business sustainability and the preservation of family control, and dividend policy reflects how firms distribute earnings to shareholders. According to the Family Business Summit 2024, family companies contribute around 53.28% of Indonesia's Gross Domestic Product and absorb about 96.16% of the national workforce. Most companies listed on the Indonesia Stock Exchange (IDX) are family-managed, making the financial behavior of family companies—particularly dividend decisions—an important research topic.

Dividend policy in family companies is often shaped not only by pure financial considerations but also by family agendas such as personal consumption needs, wealth succession, and the desire to preserve control. National economic growth data show a recovering trend, with Indonesia's GDP growing 3.69% in 2021, 5.31% in 2022, 5.05% in 2023, and 5.03% in 2024, with the fourth quarter of 2024 growing 5.02% year-on-year. This macroeconomic recovery has translated into higher corporate profitability among listed firms, which in turn affects dividend payout decisions. On the Indonesian capital market, dividend distribution is closely watched by investors. IDX recorded that in 2024, 342 listed companies distributed dividends worth a combined IDR 364.2 trillion, signaling firms' efforts to maintain investor trust through consistent dividend policy. Family companies, however, often face a distinctive tension: whether to distribute profits to family shareholders or retain earnings for business development.

A range of financial indicators are known to affect the Dividend Payout Ratio (DPR), including Net Profit Margin (NPM), Sales Growth, and Debt to Equity Ratio (DER). Higher profitability generally expands a firm's capacity to pay dividends, while high Sales Growth may lead firms to retain earnings to fund operational expansion. Similarly, higher DER indicates heavier reliance on debt, which can constrain dividend capacity as firms prioritize debt obligations. Company characteristics such as Company Value (measured through the Price Earnings Ratio) and

Growth (measured through total asset growth) may also shape dividend policy. Firms with a longer track record and higher market value tend to have more stable earnings and cash flow, enabling more regular dividends, while firms undergoing rapid asset expansion tend to retain earnings to finance growth.

Based on this background, the research questions are: (1) Does Net Profit Margin affect the Dividend Payout Ratio? (2) Does Sales Growth affect the Dividend Payout Ratio? (3) Does Debt to Equity Ratio affect the Dividend Payout Ratio? (4) Does Company Value affect the Dividend Payout Ratio? (5) Does Growth affect the Dividend Payout Ratio? Accordingly, this study aims to analyze the effect of each of these five variables on the Dividend Payout Ratio of family companies listed on the IDX. Theoretically, the study is expected to contribute to financial management literature on family company dividend decisions. Practically, it offers guidance for investors making investment decisions in family companies and for management in setting dividend policy consistent with the firm's growth stage and characteristics. This research is bounded to family companies listed on the IDX during 2021–2024, using five independent variables (NPM, Sales Growth, DER, Company Value, Growth) against one dependent variable (DPR), based on secondary data from company financial statements; macroeconomic conditions, government policy, and other external factors are outside its scope.

2. Literature Review

2.1 Clientele Effect Theory

Elton & Gruber (1970) provided direct evidence that shareholders in lower tax brackets tend to prefer high dividend-yield stocks, while investors holding low-yield stocks pursue capital gains due to higher marginal tax burdens. This finding was reinforced by Pettit (1977), who showed that investors gravitate toward dividend-paying securities that match their income level and the gap between capital-gains and dividend tax rates. Hasnawati (2017) argued that Clientele Effect Theory is highly relevant for explaining the "dividend puzzle," given demographic and economic differences among investors, noting that older individual investors typically rely on dividend income and therefore prefer higher payout policies, whereas higher-income investors prefer lower payout ratios to minimize tax exposure. In the Indonesian automotive sector, Sari & Lestiani (2018) similarly found that profitability and firm size negatively affect DPR under a clientele and signaling framework, while leverage and liquidity show no significant effect.

2.2 Agency Theory

Agency theory explains the relationship between principals (shareholders) and agents (management), which can generate conflicts of interest due to differing goals and information asymmetry. Jensen & Meckling (1976) argued that agency costs arise from the separation of ownership and control. Al-hiyari et al. (2024) noted that dividend payments serve as a mechanism to reduce free cash flow available to managers, thereby minimizing opportunistic behavior harmful to minority shareholders. Family companies, agency theory takes on added complexity. Azekkar et al. (2025) explained that family firms face two layers of agency conflict: between management and shareholders, and between controlling family shareholders and minority shareholders. This second layer pushes family firms to use dividend policy as a signal of commitment to all shareholders and as a way of preserving market trust—consistent with Madyan et al. (2019), who found that high family ownership indicates significant agency costs between majority and minority shareholders, encouraging larger dividend distributions as a form of accountability.

2.3 Signaling Theory

Signaling theory holds that under conditions of information asymmetry between management and investors, dividend policy signals a firm's financial condition and future prospects. Firms that pay dividends consistently are seen as signaling strong, sustainable cash-generating capacity. Alghazali et al. (2024) confirmed that dividend policy changes are positively associated with corresponding stock price adjustments, supporting the signaling

hypothesis. This theory connects to the present study through Company Value (PER) and NPM as channels of the signal a firm sends to the market: higher NPM and PER strengthen the positive signal that a firm is able and committed to sustained dividend distribution. In family companies, signaling theory is especially relevant because family firms with long-standing reputations tend to preserve consistent dividend payments as a signal of trustworthiness to external shareholders (Azekkar et al., 2025). Signaling theory also explains why positive Sales Growth may encourage higher DPR, since consistent revenue growth signals good prospects, giving management more confidence to distribute earnings.

2.4 Pecking Order Theory

Pecking order theory, proposed by Myers and Majluf, explains that firms follow a hierarchical preference in financing sources: internal funds (retained earnings) first, then debt, and finally new equity. This theory directly affects dividend policy, since a larger share of earnings used to finance growth leaves a smaller share available for dividends. Culata & Gunarsih (2012) explained that firms with large retained-earnings reserves tend to prioritize reinvestment over dividend distribution, a direct manifestation of pecking order theory. In this study, pecking order theory helps explain the relationship between Growth, Sales Growth, DER, and DPR: firms with high asset growth tend to pay lower dividends because they need internal funds for expansion, and firms with high DER have already relied heavily on debt, which can reduce dividend capacity as cash flow is directed toward debt servicing. Marina et al. (2020) found a negative effect of DER on DPR, consistent with this prediction. In family companies, pecking order theory is also relevant because family firms tend to avoid diluting ownership through new share issuance, relying instead on retained earnings and debt to finance expansion.

2.5 Net Profit Margin

Net Profit Margin reflects the percentage of net income generated from sales. A higher NPM signals favorable information to shareholders about a firm's capacity to attract capital (Sha, 2017), and reflects efficient performance since costs are well controlled (Zuwita & Henny, 2019), which in turn strengthens investor and shareholder confidence to continue investing (Azhar, 2022).

2.6 Sales Growth

Sales Growth measures the year-over-year increase in a company's sales, observable through the income statement. Yuliani (2021) noted that Sales Growth reflects how successful a firm's past investment strategy has been and serves as a guide for projecting future growth. Tamsil & Esra (2020) explained that high Sales Growth requires substantial funding to support operations and expansion, leading firms to retain a larger share of earnings rather than distribute them as dividends—meaning Sales Growth may influence DPR through the firm's internal funding needs.

2.7 Debt to Equity Ratio

DER is a solvency ratio comparing total debt to total equity. Meliana et al. (2020) described DER as a measure of how a firm manages its debt as a funding source; a higher DER means heavier reliance on debt relative to equity, increasing the obligation to service principal and interest, which can reduce net income and dividend capacity. Susilawati et al. (2022) added that high leverage increases financial risk if debt is poorly managed.

2.8 Dividend Payout Ratio

DPR is the ratio showing the percentage of net profit distributed to shareholders as dividends. Noted that a higher DPR means shareholders receive a larger share of profit, while Ariyani et al. (2019) emphasized that DPR reflects the percentage of profit paid as cash dividends, influencing shareholders' investment decisions. Septiani et al. (2020) stressed the importance of balancing distributed and retained earnings, since excessive distribution can constrain future growth capacity. Franc-Dąbrowska et al. (2020) further showed that dividend

decisions are shaped by profitability, growth, liquidity, and firm size—considerations that become more complex in family firms given their long-term orientation and continuity goals.

2.9 Family Company

A family company is a business owned, managed, and controlled by family members, distinguishing it from other firms by its focus not only on profit but on business continuity and legacy for future generations. Michiels & Molly (2017) noted that family companies have a distinctive financial logic shaped by family interests rather than purely economic goals. Amram et al. (2023) added that family businesses are passed down across generations as a means of preserving family wealth and continuity, with cultural values, loyalty, trust, and succession planning distinguishing them from non-family firms. Consequently, family companies tend to use profits to support business development, maintain stability, and preserve family control—meaning DPR in family companies is shaped not only by financial conditions but also by the goals of preserving family control, continuity, and long-term orientation.

2.10 Company Value

Company Value reflects investor confidence in a firm's performance and prospects. Dwiastuti & Dillak (2019) argued that firm value is a tool shaping how investors perceive a company, while Hauteas & Muslichah (2019) added that it captures the economic value linked to share price and shareholder returns. Although Tobin's Q and Price to Book Value are more commonly used, this study uses the Price Earnings Ratio (PER) as the proxy for Company Value, given its ability to capture investors' expectations of future firm prospects Sudana on 2015, as cited in Sujono et al. (2024).

2.11 Growth

Growth reflects a firm's ability to sustain and expand its business over time, through increases in assets, profit, or operational expansion. Yap & Stevanius (2017) explained that growth is reflected in rising market value, sales, and assets, which support efficient capital use and reinvestment. Didier et al. (2020) noted that growing firms typically channel funds into strengthening productive capacity—assets, labor, and capital—implying that high-growth firms require more internal funding and must be more cautious in balancing dividends against retained earnings. Although Sales Growth and Growth (measured via total asset growth) both reflect firm expansion, they capture different dimensions: Sales Growth reflects short-term operational performance, while Growth captures longer-term capacity expansion; both are retained in this study to represent distinct aspects of firm growth relevant to DPR.

2.12 Research Hypotheses

Previous studies indicate that financial and company characteristics may influence the Dividend Payout Ratio (DPR). Net Profit Margin (NPM), for instance, was found to positively affect dividend distribution as a signal of efficient performance (Zuwita & Henny, 2019) and to strengthen shareholder confidence (Azhar, 2022). Thus, the first hypothesis is: H1: Net Profit Margin affects the Dividend Payout Ratio. Next, consistent Sales Growth has been shown to increase cash flows and positively drive the DPR (Franc-Dąbrowska et al., 2020), while serving as an indicator of successful operational strategies (Yuliani, 2021). Therefore: H2: Sales Growth affects the Dividend Payout Ratio. The Debt to Equity Ratio (DER) has generally been found to negatively affect the DPR (Marina et al., 2020; Meliana et al., 2020), although family companies might maintain dividend stability despite high debt to preserve investor trust (Setianto & Sari, 2017). Hence, the third hypothesis is: H3: Debt to Equity Ratio affects the Dividend Payout Ratio. Company Value, often measured by market valuation or stock prices, has been consistently reported to positively and significantly affect the DPR (Alghazali et al., 2024; Azekkar et al., 2025; Septiani et al., 2020) as a signal of commitment to shareholders. Thus, the fourth hypothesis is: H4: Company Value affects the Dividend Payout Ratio. Finally, research on company growth shows a negative effect on the DPR, as rapidly growing companies tend to retain their earnings to fund business expansion rather than distribute them (Rusliati & Meiliyawati, 2020). Therefore, the fifth hypothesis is: H5: Growth affects the Dividend Payout

Ratio.

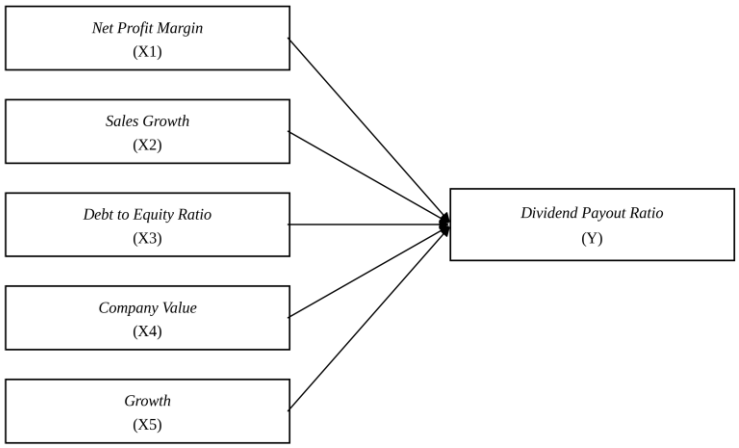


Figure 1. Research Framework

3. Research Methods

3.1 Research Design

This study employed a quantitative method with a causal hypothesis testing approach to examine the effect of independent variables on the dependent variable. Specifically, the objective is to analyze the effect of Net Profit Margin, Sales Growth, Debt to Equity Ratio, Company Value, and Growth on the Dividend Payout Ratio in family companies.

3.2 Data Type and Sample

This study uses secondary data obtained from company financial statements available on the IDX's official website and each company's official website. The sample consists of 35 family companies listed on the IDX during 2021–2024, yielding 140 panel observations combining time-series and cross-sectional data. A family company in this study is defined as a business owned and managed primarily by a founding family or specific family members, either through majority share ownership or family participation in management. The 35 sampled companies span sectors including energy, consumer goods, banking, property, media, and infrastructure.

Samples were selected using purposive sampling, a technique that selects samples based on specific criteria aligned with the research objective (Sugiyono, 2013). A company was classified as a family company if it met the following criteria: (1) consistently reported financial statements on the IDX throughout 2021–2024; (2) had family ownership of at least 15 percent of total outstanding shares, following Ramadani et al. (2019), who define a firm as family-controlled when 15–25 percent of ownership and control is held by a family with active family involvement; (3) had at least one family member involved in company management or decision-making; and (4) exhibited family control either directly or indirectly through a parent company, subsidiary, or other family business group structure.

3.3 Data Analysis Method

This study employed a quantitative method with a causal hypothesis testing approach to examine the effect of independent variables on the dependent variable. Specifically, the objective is to analyze the effect of Net Profit Margin, Sales Growth, Debt to Equity Ratio, Company Value, and Growth on the Dividend Payout Ratio in family companies. Descriptive statistics (mean, median, maximum, minimum, and standard deviation) were used to characterize the variables. The best-fitting estimation model was selected through the Chow test, Hausman test, and Lagrange Multiplier test, distinguishing between the Common Effect

Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM).

The Chow test determines whether CEM or FEM is more appropriate (H0: CEM if $p > 0.05$; H1: FEM if $p < 0.05$). If FEM is indicated, the Hausman test then compares FEM against REM (H0: REM if $p > 0.05$; H1: FEM if $p < 0.05$). If CEM is indicated by the Chow test but REM by the Hausman test, the Lagrange Multiplier test determines the final choice between CEM and REM (H0: CEM if $p > 0.05$; H1: REM if $p < 0.05$).

3.4 Classical Assumption Tests

Normality was tested using the Jarque-Bera test (residuals are normally distributed if $p > 0.05$). Multicollinearity was assessed via the Variance Inflation Factor (VIF), with $VIF < 10$ indicating no multicollinearity. Heteroscedasticity was tested using the Harvey Test (no heteroscedasticity if $p > 0.05$). Autocorrelation was tested using the Durbin-Watson (DW) statistic; with $n = 140$ and $k = 5$, the critical values are $dL = 1.6507$ and $dU = 1.7984$, giving an autocorrelation-free zone of $1.7984 < DW < 2.2016$. Where autocorrelation was detected, the iterative Cochrane-Orcutt procedure was applied, transforming the regression model through quasi-differencing to address first-order autocorrelation, AR(1): $\varepsilon_t = \rho\varepsilon_{(t-1)} + u_t$ (Wooldridge, 2019).

3.5 Hypothesis Testing

The multiple linear regression model used in this study is:

$$DPR = \alpha + \beta 1NPM + \beta 2SALES + \beta 3DER + \beta 4PER + \beta 5GROWTH + e$$

Where DPR is Dividend Payout Ratio, α is the constant, β1–β5 are regression coefficients, and e is the error term. The t-test (partial test) evaluates the significance of each independent variable individually (H0 rejected if $p < 0.05$, indicating a significant effect). The F-test evaluates the overall significance of the model (H0 rejected if $p < 0.05$, indicating all independent variables jointly affect the dependent variable). The Adjusted R-squared measures the proportion of variation in DPR explained by the independent variables.

4. Research Findings and Discussion

4.1 Sample Data Description

Table 2. Sampling Criteria

Sampling Criteria	Numbers of Companies
Companies that consistently reported financial statements on the IDX during 2021–2024	697
Companies with family ownership of at least 15% of total shares during 2021–2024	203
Companies with at least one family member involved in management or decision-making	35
Companies with direct or indirect family control (via parent company, subsidiary, or family business group structure)	35
Family companies meeting all criteria	35
Observation period (years)	4
Total panel observations	140

The sample was determined through a purposive sampling procedure based on the family-company criteria described in Section 3.2. Table 1 presents the step-by-step sample selection process. Starting from all companies that consistently reported financial statements on the IDX throughout 2021–2024, the sample was progressively narrowed based on family-ownership and family-involvement criteria, resulting in a final sample of 35 family companies and 140 firm-year observations used in this study.

4.2 Descriptive Statistics

Table 3. Descriptive Statistics

	NPM_X1	SG_X2	DER_X3	PER_X4	*GROWTH*_X5	DPR_Y
Mean	0.174670	0.121303	0.423660	0.839009	0.041919	0.363373
Median	0.112850	0.089650	0.369950	0.860500	0.064300	0.303000
Maximum	0.868600	1.219500	1.287500	2.052200	0.778800	1.228700
Minimum	-0.062700	-0.740500	0.000100	0.002700	-3.450800	-0.667600
Std. Dev	0.190871	0.236890	0.291413	0.354099	0.394283	0.327012
N	140	140	140	140	140	140

Source: Author's data processing (2026)

The descriptive statistics show considerable variation across all variables, particularly Growth (X5), whose standard deviation (0.3943) exceeds its mean (0.0419), reflecting substantial dispersion in asset growth across the sampled family firms. The negative minimum value of DPR (-0.6676) indicates instances where sample firms distributed dividends even while reporting negative earnings per share.

4.3 Panel Data Model Selection

The Chow test yielded a cross-section F-statistic of 4.079 with a probability of 0.0000 ($p < 0.05$), indicating that the Fixed Effect Model outperforms the Common Effect Model. The subsequent Hausman test produced a chi-square statistic of 3.647 with a probability of 0.6013 ($p > 0.05$), indicating that the Random Effect Model is preferred over the Fixed Effect Model. The Lagrange Multiplier test confirmed this, with a Breusch-Pagan cross-section probability of 0.0000 ($p < 0.05$), favoring the Random Effect Model over the Common Effect Model. Taken together, these three tests identify the Random Effect Model as the most appropriate estimator for this study.

4.4 Classical Assumption Tests

The Jarque-Bera normality test produced a statistic of 1.3769 with a probability of 0.5024 ($p > 0.05$), indicating normally distributed residuals. The multicollinearity test showed Centered VIF values of 1.070 (NPM), 1.115 (Sales Growth), 1.020 (DER), 1.110 (PER), and 1.058 (Growth)—all well below the threshold of 10, indicating no multicollinearity. The Harvey heteroscedasticity test produced an F-statistic probability of 0.4008 and an Obs*R-squared probability of 0.3924 (both $p > 0.05$), indicating no heteroscedasticity. The initial Durbin-Watson statistic for the Random Effect Model was 1.6461, falling below dU (1.7984) and indicating positive autocorrelation. The Cochrane-Orcutt procedure was applied with an estimated autoregressive coefficient of $\rho = 0.4260$, transforming all variables via quasi-differencing. Following transformation, the Durbin-Watson statistic improved to 1.9430, falling within the no-autocorrelation zone ($1.7984 < DW < 2.2016$), confirming that all classical assumptions were satisfied and the model was suitable for hypothesis testing.

4.5 Hypothesis Testing

4.5.1 Regression Result

Table 4. Multiple Linear Regression Result

Variable	*Coefficient*	*Std. Error*	*t-Statistic*	*Prob.*
C	0.056820	0.055548	1.022906	0.3082
NPM_X1	0.354726	0.152033	2.333219	0.0211
SG_X2	-0.119132	0.093531	-1.273720	0.2050
DER_X3	-0.119621	0.089243	-1.340385	0.1824
PER_X4	0.323350	0.078209	4.134464	0.0001
*GROWTH*_X5	-0.201739	0.052939	-3.810805	0.0002

Source: Author's data processing (2026)

The resulting regression equation is:

$$DPR = 0.056820 + 0.354726NPM - 0.119132SALES - 0.119621DER + 0.323350PER - 0.201739GROWTH$$

The Adjusted R-squared was 0.2183, indicating that the model explains 21.83% of the variation in DPR, with the remaining 78.17% explained by factors outside the model.

4.5.2 Hypothesis Discussion

4.5.2.1 Net Profit Margin to Dividend Payout Ratio

NPM shows a significant positive effect on DPR (coefficient 0.3547, p = 0.0211), so H1 is supported. This indicates that family companies with higher profitability distribute a larger share of earnings as dividends—consistent with agency theory (Jensen & Meckling, 1976), where dividends reduce free cash flow available to managers and mitigate agency conflict between controlling family shareholders and minority shareholders. Under clientele effect theory, consistent high profitability also helps family firms retain dividend-seeking investors, such as older individual investors relying on dividend income (Hasnawati, 2017). From a signaling perspective, high NPM sends a positive signal about a firm's financial strength, motivating larger dividend distributions to build external shareholder trust—consistent with Naibaho & Widyastari (2023).

4.5.2.2 Sales Growth to Dividend Payout Ratio

Sales Growth shows a negative but statistically insignificant effect on DPR (coefficient -0.1191, p = 0.2050), so H2 is not supported. Although the direction is consistent with theoretical expectations, its insignificance can be explained through several lenses. First, family firms tend to be long-term oriented and maintain dividend policy stability despite short-term sales fluctuations (Michiels & Molly, 2017). Second, under clientele effect theory, investors in family firms have typically calibrated their expectations to the firm's historical dividend pattern, so short-term sales volatility does not readily shift investor preference (Sari & Lestiani, 2018). Third, larger Indonesian family firms often have diversified funding access, meaning sales growth need not be financed by cutting dividends—consistent with Ariyani et al. (2019).

4.5.2.3 Debt to Equity Ratio to Dividend Payout Ratio

DER shows a negative but statistically insignificant effect on DPR (coefficient -0.1196, p = 0.1824), so H3 is not supported. The sample's relatively moderate average DER (0.4237) suggests that sample firms did not carry excessive debt burdens sufficient to meaningfully constrain dividend capacity. This is further supported by clientele effect theory: since sample leverage variation remained moderate, it was likely insufficient to disrupt investor expectations built around family firms' relatively stable dividend patterns. This finding diverges from several prior studies conducted on general (non-family) firms (Marina et al., 2020; Meliana et al., 2020; Tamsil & Esra, 2020), which found significant DER effects—a difference plausibly explained by family firms' long-term orientation toward preserving reputation and shareholder trust regardless of leverage level (Setianto & Sari, 2017).

4.5.2.4 Company Value to Dividend Payout Ratio

Company Value (PER) shows a significant positive effect on DPR (coefficient 0.3234, p = 0.0001), so H4 is supported. Family firms with higher market valuation distribute proportionally more of their earnings as dividends—consistent with signaling theory, where firms with strong market value have greater incentive to maintain consistent dividends as a signal of financial health, and with

agency theory, where higher-valued family firms face greater pressure from minority shareholders to distribute profits (Azekkar et al., 2025). This finding aligns with Septiani et al. (2020) and Alghazali et al. (2024). Under clientele effect theory, high-PER firms attract both growth-oriented and dividend-seeking investors simultaneously, giving management an incentive to maintain consistent dividend payments to satisfy both investor groups.

4.5.2.5 Growth to Dividend Payout Ratio

Growth shows a significant negative effect on DPR (coefficient -0.2017, p = 0.0002), so H5 is supported. Family firms undergoing rapid asset expansion distribute a smaller share of earnings as dividends, consistent with pecking order theory (Myers & Majluf), under which firms in an expansion phase prioritize internal funds over dividend distribution before seeking external financing. This is consistent with Rusliati & Meiliyawati (2020), Marina et al. (2020), and Culata & Gunarsih (2012). Under clientele effect theory, high-growth family firms naturally attract capital-gain-oriented investors rather than dividend-seeking investors, since these investors understand that retained earnings are being reinvested to support future share price appreciation (Pettit, 1977); the lower DPR therefore does not conflict with these investors' preferences but rather aligns with them.

5. Conclusion

This study examined the effect of Net Profit Margin, Sales Growth, Debt to Equity Ratio, Company Value, and Growth on the Dividend Payout Ratio of family companies listed on the Indonesia Stock Exchange during 2021–2024, using panel data regression under the Random Effect Model corrected for autocorrelation via the Cochrane-Orcutt method. Net Profit Margin and Company Value each show a significant positive effect on DPR: more profitable family firms and firms with higher market valuation distribute a larger share of earnings as dividends, reflecting both a stronger capacity to pay and a stronger incentive to signal financial health and preserve shareholder trust. Growth shows a significant negative effect: family firms undergoing rapid asset expansion retain a larger share of earnings to fund that expansion, consistent with pecking order theory. Sales Growth and Debt to Equity Ratio show no significant effect on DPR, suggesting that family firms maintain dividend policy stability independent of short-term sales fluctuations and that the sample's relatively moderate leverage did not meaningfully constrain dividend capacity.

The F-test confirms that the five independent variables jointly and significantly affect DPR, though the Adjusted R-squared of 21.83% indicates that a substantial share of variation in family firm dividend policy is explained by factors outside this model—consistent with Azekkar et al. (2025), who found through a systematic review of 63 Scopus-indexed articles that family firm dividend policy is shaped not only by financial variables but also by non-financial factors such as board independence, CEO duality, board gender diversity, family succession planning, and the preservation of socio-emotional wealth.

For family firm management, these findings underscore that profitability (NPM) is a primary determinant of dividend capacity; management should therefore consistently pursue operational efficiency to sustain profitability and preserve trust among both family and minority shareholders. Dividend decisions should also account for the firm's growth phase, adjusting payout levels to internal funding needs during periods of rapid asset expansion. For policymakers such as the Financial Services Authority (OJK) and the Indonesia Stock Exchange, these findings can inform regulation supporting greater dividend policy transparency among family firms, given their substantial contribution to the national economy, alongside investor education initiatives addressing the distinctive characteristics of family firm dividend behavior.

This study is limited by its use of only five independent variables, excluding other potentially relevant factors such as liquidity, interest rates, and institutional ownership; its restriction to 35 family firms over a four-year period (2021–2024), which may not fully represent the broader

population of Indonesian family firms or capture long-term dividend dynamics; its lack of control for industry-sector differences and firm life-cycle stage; its omission of insider ownership and business risk variables relevant to second-layer agency conflicts in family firms; and its use of a static panel model that does not account for lagged dividend effects.

Future research is encouraged to incorporate additional variables such as liquidity, managerial ownership, or free cash flow; extend the observation period to ten years or more; compare dividend policy between family and non-family firms on the IDX; incorporate insider ownership and business risk variables; apply dynamic panel approaches such as GMM with lagged dividend terms; include industry-dummy and firm-size control variables; and consider firm life-cycle stage as a control or moderating variable. Investors are advised to consider NPM and PER as indicators of dividend potential and to exercise caution when investing in rapidly growing family firms, which tend to distribute smaller dividends.

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